

Message Text

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ORIGIN ARA-20

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FM SECSTATE WASHDC

TO AMEMBASSY ASUNCION PRIORITY

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E.O. 11652: N/A

TAGS: EAID, PA, US

SUBJECT:PARAGUAY'S FOOD NEEDS

REFS: (A) STATE 148770, 27 JULY; (B) ROUSH/SAUSE MEMO,
11 JULY; (C) STATE 165259, 20 AUGUST; (D) STATE 157825

1. AS THE EMBASSY IS AWARE, CONDITIONS NECESSARY FOR A
PL 480 TITLE II PROGRAM INCLUDE COMMODITY AVAILABILITY AND
A SUITABLE ORGANIZATION ON HAND TO ADMINISTER THE PROGRAM.
THERE HAS NOT BEEN A VOLUNTARY AGENCY COMMITTED TO REPLACE
CRS WHICH OFFICIALLY CONCLUDED ITS PL 480 TITLE II
ACTIVITIES ON JUNE 30, 1973.

2. EARLIER THIS YEAR, THE DEPARTMENT ASSISTED PARAGUAYAN
AMBASSADOR SOLANO LOPEZ IN GETTING IN TOUCH WITH SUCH
VOLUNTARY AGENCIES AS C.A.R.E., SAWS, IVS, AND WRC. ON
AUGUST 7 PARAGUAYAN AMBASSADOR SOLANO LOPEZ MET WITH
REPRESENTATIVES OF WRC AT THE DEPARTMENT (REF D). ON
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AUGUST 10 GEORGE DOUD, VICE PRESIDENT OF WRC INFORMED THE

DEPARTMENT THAT UNTIL ARRANGEMENTS WERE WORKED OUT WITH THE GOP AND THE WFP, WRC WOULD NOT MAKE ANY SUCH COMMITMENT FOR ACTIVITIES IN PARAGUAY. REF (C) ALSO INDICATES THAT BECAUSE OF THE UNCERTAINTY SURROUNDING THE AVAILABILITY AND DISTRIBUTION OF COMMODITIES, WRC PROBABLY COULD NOT BECOME INVOLVED UNTIL JANUARY, 1974. DOUD SAID THAT HE PLANNED TO INFORM THE PARAGUAYAN AMBASSADOR OF THE FOREGOING ON THE SAME DAY. DOUD INFORMED THE DEPARTMENT THAT WRC COULD NOT

BECOME INVOLVED UNLESS THERE WERE AN AID COMMITMENT FOR A CONTINUING FLOW OF COMMODITIES. AID CANNOT MAKE SUCH A COMMITMENT. ARA-LA/APU HAS BEEN REPRESENTED AT EVERY RELEVANT MEETING ON THE SUBJECT IN AN EFFORT TO SUPPORT A PROGRAM FOR PARAGUAY.

3. REF (A) RELATED THAT GIVEN PROBLEMS OF BUDGET AND COMMODITY AVAILABILITY AND GOP DELAYS IN INITIATING DISCUSSIONS EITHER WITH VOL AGS OR WFP, IT WAS BECOMING MORE AND MORE DOUBTFUL THAT A NEW TITLE II PROGRAM COULD BE INITIATED SOON ENOUGH TO PROVIDE FOR SHIPMENTS FOR PARAGUAY IN FY 1974. THE DEPARTMENT HAS NOT SEEN ANY VOL AG TITLE II LIST FOR FY 74 OR FY 75 ON WHICH PARAGUAY APPEARS AS A PROSPECTIVE RECIPIENT. AS LATE AS AUGUST 14, PARAGUAY APPEARED ON A TITLE I LIST, BUT BECAUSE ITS PRIORITY WAS SO REMOTE, IT SEEMED CLEAR THAT NO COMMODITIES WOULD BE MADE AVAILABLE.

4. AS THE EMBASSY IS AWARE, SECTION 401 OF PUBLIC LAW 480 RECITES THAT NO COMMODITY SHALL BE AVAILABLE FOR DISPOSITION UNDER THE ACT IF SUCH DISPOSITION WOULD REDUCE

THE DOMESTIC SUPPLY OF SUCH COMMODITY BELOW THAT NEEDED TO MEET DOMESTIC REQUIREMENTS, ADEQUATE CARRYOVER, AND ANTICIPATED EXPORTS FOR DOLLARS AS DETERMINED BY THE SECRETARY OF AGRICULTURE. DOMESTIC NEEDS AND COMMERCIAL EXPORT SALES MUST BE SATISFIED BEFORE AN AVAILABLE SURPLUS CAN BE DECLARED. AS THE EMBASSY IS ALSO AWARE, VERY LARGE COMMERCIAL EXPORT SALES HAVE BEEN MADE DURING THE PAST YEAR, FURTHER SHRINKING THE AMOUNT THAT MIGHT HAVE BEEN MADE AVAILABLE UNDER PL 480. SALES HAVE DRIVEN PRICES UP LIMITED OFFICIAL USE

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AND SOME RECIPIENTS OF PL 480 ASSISTANCE HAVE SWITCHED TO COMMERCIAL SOURCES TO PROVIDE FOR PART OF THEIR NEEDS. CHANGES IN DOLLAR RATES HAVE ALSO STIMULATED SALES AND INCREASED PRICES.

5. THE EMBASSY HAS BEEN FURNISHED WITH TABULAR AND NARRATIVE MATERIALS WHICH CLEARLY ILLUSTRATE THE SHORTAGE OF PL 480 COMMODITIES FOR BOTH TITLES I AND II IN FY 74.

ALL ONGOING TITLE II PROGRAMS HAVE BEEN REDUCED DRASTICALLY AND A SIGNIFICANT NUMBER ARE BEING TERMINATED. AS PART OF THE INTER-AGENCY EFFORT TO ESTABLISH CRITERIA FOR ASSIGNMENT OF PRIORITIES FOR THE ALLOCATING OF LIMITED PL 480 RESOURCES, A USG POLICY DETERMINATION WAS MADE IN EARLY SEPTEMBER THAT THERE WOULD BE NO COMMITMENTS TO NEW VOL AG TITLE II PROGRAMS IN FY 1974. PARAGUAY WILL NOT RECEIVE TITLE II VOL AG COMMODITIES DURING FY 74. THE ONLY POSSIBILITY FOR TITLE II ASSISTANCE FOR PARAGUAY IN FY 74 WOULD BE THROUGH WFP.

6. WHETHER OR NOT WFP CAN INCREASE ITS SHIPMENTS TO PARAGUAY IN FY 74, THE GOP SHOULD BE DISCUSSING WITH WFP THE INITIATION OF A NEW PROGRAM FOR FY 75 OR EXPANSION OF THE EXISTING PROGRAM TO COVER AT LEAST PART OF THE PROGRAM PREVIOUSLY CARRIED OUT BY CRS. REALLOCATION TO PARAGUAY WOULD BE AT THE EXPENSE OF OTHER NATIONS WHICH MAY WELL HAVE A HIGHER PRIORITY. SUCH REALLOCATIONS MUST BE APPROVED IN ROME BY WFP. THE DEPARTMENT IS UNABLE TO EVALUATE THE PROBABILITY OF COMMODITY AVAILABILITY THROUGH THAT ROUTE AT THIS TIME. AS FAR AS WE KNOW, NEITHER THE GOP NOR WRC HAVE DISCUSSED WITH WFP THE POSSIBILITY OF WRC INITIATING A FOLLOW-ON TO THE CRS PROGRAM UTILIZING WFP COMMODITIES. IN FACT, WE DO NOT KNOW THAT THE GOP WISHES TO OPERATE IN THIS MANNER, ALTHOUGH WE HAVE ASSUMED THIS WAS A SATISFACTORY ARRANGEMENT AS THE LIKELIHOOD OF SUCH AN ARRANGEMENT BOTH WITH IVS AND LATER WITH WRC HAS BEEN DISCUSSED WITH THE PARAGUAYAN AMBASSADOR HERE. WE ASK THAT THE EMBASSY URGE THE GOP TO MAKE CLEAR ITS DESIRES TO WFP. WE EXPECT TO MEET WITH AMBASSADOR SOLANO LOPEZ ON SEPT. 17 TO ENSURE THAT HE UNDERSTANDS THE SITUATION, AND TO MAKE THE FOREGOING RECOMMENDATIONS TO HIM. YOU MAY INFORM THE GOP OF ANY OF THE FOREGOING INFORMATION YOU LIMITED OFFICIAL USE

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WISH.

RECOMMENDED ACTION

7. THE EMBASSY IS ASKED TO INSURE THAT THE GOP UNDERSTANDS THE CURRENT SITUATION AND TO RECOMMEND TO THE GOP THAT IT INITIATE DISCUSSIONS WITH WFP, IF IT HAS NOT DONE SO ALREADY, WITH A VIEW TO INCREASING THE ALLOCATIONS FOR PARAGUAY IN FY 74 FROM THE USG AND OTHER DONORS. WE EXPECT THAT AT THIS POINT IT WILL BE NECESSARY FOR THE GOP TO MAKE A VERY STRONG CASE BECAUSE WFP'S AVAILABILITIES ARE ALSO LIMITED. WE WOULD APPRECIATE BEING KEPT ABREAST OF YOUR DISCUSSIONS WITH THE GOP AND THE GOP'S DISCUSSIONS WITH THE WFP REPRESENTATIVE, IF POSSIBLE. FYI: IT IS POSSIBLE THAT THE US REPRESENTATIVE ON THE WFP COUNCIL CAN

SUPPORT A REASONABLE PARAGUAYAN REQUEST TO WFP. RUSH

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